

MEMORANDUM

TO: Commissioners Hardy, Hadley, Landis, Server and Ziegner
FROM: Jerry L. Webb, Director of Gas/Water/Sewer Division
DATE: May 18, 2006
RE: Utility Articles for Next Conference

The following Final Articles A, G and Preliminary Articles A are submitted to each of you to acquaint you with the tariffs eligible for action or acceptance on or after May 24, 2006.

“A” Final

The following new miscellaneous items will be eligible for final consideration at the next Commission Conference and based upon a review of them by staff members of the Commission, I recommend approval.

1. Indiana Gas

The utility is proposing to add charts to Appendix B, Normal Temperature Adjustment (NTA), of its tariff to assist customers in the calculation of Normal Degree Days (NDD). The Commission authorized the utility to use the NTA by its October 5, 2005 order in Cause No. 42890. NTA is one form of “decoupling”. Currently, Appendix B contains the formulas used to determine the NTA with the information needed for the formulas inputs found on customer’s bills. Unfortunately, there is no information contained in the tariff for customers to calculate the NDD. The utility is proposing to include the necessary information in its tariff that would allow customers to calculate both the NTA and the NDD. Indiana Gas is proposing the addition of four (4) charts, which list degree days for every day of the year, to its tariff consisting of:

1. Normal year (365 days) for those customers in northern service area.
2. Leap year (366 days) for those customers in northern service area.
3. Normal year (365 days) for those customers in southern service area.
4. Leap year (366 days) for those customers in southern service area.

These proposed tariff changes are for informational purposes.

The tariff pages affected by this filing are:

Appendix B, pages 1, 2, 3, 4, 5 and 6 of Sheet No. 31.

2. Southern Indiana Gas and Electric Company (Gas)

The utility is proposing to add charts to Appendix B, Normal Temperature Adjustment (NTA), of its tariff to assist customers in the calculation of Normal Degree Days (NDD). The Commission authorized the utility to use the NTA by its October 5, 2005 Order in Cause No. 42890. NTA is one form of “decoupling”. Currently, Appendix B contains the formulas used to determine the NTA with the information needed for the formulas inputs found on customer’s bills. Unfortunately, there is no information contained in the tariff for customers to calculate the NDD. The utility is proposing to include the necessary information in its tariff that would allow customers to calculate both the NTA and the NDD. The utility is proposing the addition of two (2) charts, which list degree days for every day of the year, to its tariff consisting of:

1. Normal year (365 days)
2. Leap year (366 days)

These proposed tariff changes are for informational purposes.

The tariff pages affected by this filing are:

Appendix B, pages 1, 2, 3 and 4 of Original Sheet No. 31.

"G" Final

Revisions to the Fuel Cost Adjustment factor have been reviewed by staff members of the Commission and found to be in compliance with the orders of the Commission. The requirements prescribed for these filings in Commission Order No. 35687 have been met and I recommend approval.

<u>Item</u>	<u>Utility</u>	<u>Change</u>	<u>Filing Number</u>
1.	Knightstown	Decrease	87-06-05
2.	Straughn	Decrease	111-06-05

Please indicate your consideration and action of all the preceding items on the appropriate lines provided below.

Jerry L. Webb
Director of Gas/Water/Sewer Division

I approve of all items as presented above:

I approve of all items as presented above except:

Not participating in the following items:

I, _____ , Disapprove Items

No.

I, _____ , Wish to Defer Items

No.

I hereby certify that the above is a true and correct copy of the action on the articles.

Acting Executive Secretary

“A” Preliminary

The following new miscellaneous items have been reviewed by staff members of the Commission and we recommend accepting them for filing.

1. Eastern Hendricks County Utility, Inc.

The utility is proposing an optional payment method that will allow the customer to pay his/her sewer bill with a credit card. The Utility is proposing to add a credit card processing fee of 4% of the amount charged to cover the cost per transaction charged by the bank.

Cost support has been provided.

The tariff page affected by this filing is page 1 of 1.

2. Logansport Municipal Electric Utility

The Utility is proposing to add a new rate to its tariff. The new rate is called “Industrial Substation Service Rate, Rate IS.” Rate IS will be available to any customer taking service directly from a substation and having a billing demand of over 10,000 kW. Cost justification was provided to support the new rate.

Rate IS contains the following charges:

Demand Charge: \$9.60 per kW

Energy Charge: \$0.014283 per kWh

Distribution Facilities Charge: \$31,640 per month

The tariff sheet affected by this filing is:

Industrial Substation Service Rate, Rate IS

3. Sani Tech, Inc.

The utility is proposing an optional payment method that will allow the customer to pay his/her sewer bill with a credit card. The Utility is proposing to add a credit card processing fee of 4% of the amount charged to cover the cost per transaction charged by the bank.

Cost support has been provided.

The tariff page affected by this filing is page 1 of 1.

4. Schererville Municipal Water Utility

The Schererville Municipal Water Utility is requesting the Commission's approval to charge the cost of furnishing Public Fire Protection Service directly to the ratepayers in accordance to IC 8-1-2-103(d). Currently, the Utility is billing the Town of Schererville \$418.20 per hydrant, annually. IC 8-1-2-103(d) states in part that:

"If the governing body of any municipality within the service area of the utility adopts an ordinance providing that costs shall be recovered under this subsection, the charges for the production, storage, transmission, sale and delivery, or furnishing of water for public fire protection purposes shall be included in the basic rates of all customers of the utility within the municipality. The change in the recovery of current revenue authorized by the ordinance shall be reflected in a new schedule of rates to be filed with the commission at least thirty (30) days before the time the new schedule of rates is to take effect. The new schedule of rates shall:

(1) eliminate fire protection charges billed directly to governmental units, other than charges for the construction cost for new hydrants installed on and after the date specified in the ordinance; and

(2) increase the rates charged each customer of the utility, based on equivalent meter size, by an amount equal to:

(A) the revenues lost from the elimination of such fire protection charges; divided by

(B) the current number of equivalent five-eighths (5/8) inch meters.

This change in the recovery of public fire protection costs shall not be considered to be a general increase in basic rates and charges of the utility and is not subject to the notice and hearing requirements applicable to general rate proceedings. The commission shall approve the new schedule of rates that are to be effective on a date specified in the ordinance."

The Town adopted Ordinance No. 1660 to authorize this change under IC 8-1.5-4-14 to comply with the above statutory requirement.

The Utility calculated the customers' rates based on the meter equivalency factors as determined by the cross-sectional area of each connection. The following table depicts the proposed rates:

Meter Size	Proposed Monthly Rate
5/8"	\$2.64
3/4"	\$3.80
1"	\$6.76
1 1/4"	\$10.56
1 1/2"	\$15.20
2"	\$27.03
3"	\$60.82
4"	\$108.12
6"	\$243.27

The amount of annual fire protection revenue to be transferred from hydrant rentals to surcharges is \$606,703.

The tariff page affected by this filing is page 2.

5. Southeastern Utilities, Inc.

The utility is proposing an optional payment method that will allow the customer to pay his/her sewer bill with a credit card. The Utility is proposing to add a credit card processing fee of 4% of the amount charged to cover the cost per transaction charged by the bank.

Cost support has been provided.

The tariff page affected by this filing is page 1 of 1.

Jerry L. Webb
Director of Gas/Water/Sewer Division